

# Economic Development Department presentation to Indian Affairs Committee

UNM-Gallup  
September 26, 2012



## **VISION FOR NEW MEXICO:**

**All New Mexicans are afforded economic opportunities.**

## **MISSION:**

**Enhance and leverage a competitive environment to create jobs, develop the tax base, and provide incentives for business development.**



- **Economic Development Department Program Overview**
- **Introduction:** The Economic Development Department's primary mission is to assist businesses that create jobs in New Mexico. Our objective is statewide employment and long-term sustainable growth in all sectors of New Mexico. Our services range from structuring business deals, offering and assisting with incentives and providing programs for your company. Listed below are the programs available for companies operating within New Mexico.



- NMEDD strives on working in collaboration with the Indian Affairs Department (IAD) on economic development projects and initiatives. The following programs are just some of the options to working together. IAD serves as an outreach partner for these programs just as NMEDD assists in a similar way for IAD programs.



- **Community, Business and Rural Development Team (CBRDT)**
- The CBRDT, commonly known as “regional representatives” assist communities in building their capacity for development by:
- Training local leadership.
- Engaging diverse community stakeholders in the process of planning and implementing change in their regions.
- Help identify strategic opportunities to advance the regions goals for economic growth.
- The regional representatives live in the regions they serve and work hand-in-hand with companies to introduce them to tax incentives, the Job Training Incentive Program and community development programs.
- Regional representatives have helped 64 New Mexico communities pass a Local Economic Development Act (LEDA). Through passing LEDA, a community adopts an ordinance creating an economic development organization and a strategic plan. This empowers communities to embark on economic development projects tailored to their needs.
- For more information on how the regional representatives can best help you contact Steve Gonzales, Team Leader at 505-827-2642 or [steve.gonzales2@state.nm.us](mailto:steve.gonzales2@state.nm.us)



- **Tribal Liaison Program**
- The Tribal Liaison Program aids in helping Tribes, Nations and Pueblos overcome barriers and allow opportunities for economic development.
- The program serves to gather input from New Mexico's Native American community on existing programs and how effectively the programs serve the Native American Tribes, Pueblos and Nations.
- **NMEDD has five Tribal Liaisons including the Primary Liaison.**
- For more information on this program, please contact Steve Gonzales, Tribal Liaison at 505-827-2642 or [steve.gonzales2@state.nm.us](mailto:steve.gonzales2@state.nm.us).



- **Community Assistance**
- **Certified Community Initiative Program (CCI)**
- Encourages New Mexico communities in their efforts to create new jobs.
- The initiative seeks communities who can demonstrate broad local involvement and who wish to empower their citizens, build on existing resources and expand their capacity to facilitate economic growth.
- To better serve communities that are working toward the goal of CCI, a phase in approach of capacity building has been designated. This phase of the program is called **CCI-Capacity Assistance Phase (CAP)**.
- **FY13, there is one Native American community participating. Pueblo of Pojoaque.**
- For more information contact your Regional Representative or Steve Gonzales at 505-827-2642 or [steve.gonzales2@state.nm.us](mailto:steve.gonzales2@state.nm.us).



- **Financial Development Team (FDT)**
- The Financial Development Team assists new and existing businesses by providing financing tools available within New Mexico. Through FDT companies are provided detailed information on tax incentives, job-training reimbursements and financial assistance programs. A customized analysis of the incentives and state programs can be provided. FDT's services include:
  - Introduction to all business incentives such as Rural Job Tax Credit, High Wage Job Tax Credit, Investment Credit Act, and specialized industry tax credits which may result in cost savings for businesses.
  - Financial packaging (debt or equity) and/or accessing capital.
  - Review and interpretation of company financial statements.
  - In-depth financial analysis and client consultations concerning all aspects of doing business.
  - Facilitation of financing programs like the Local Economic Development Act (LEDA) – Capital Outlay, Collateral Support Loan Participation Program, New Markets Tax Credit , HUD 108 Program, USDA, SBA, IRB's, and various Improvement & Infrastructure Districts.
  - Incentive analyses for businesses
  - Economic impact analyses for communities to assess the prospective business development project which determine the ROI on a business development project
- For more information on the FDT or for help finding the program that best fits your needs please contact Antoinette Vigil at 505-827-0264 or [Antoinette.vigil@state.nm.us](mailto:Antoinette.vigil@state.nm.us) or Juan Torrez at [Juan.torrez@state.nm.us.com](mailto:Juan.torrez@state.nm.us.com)





- Some of the programs which the FDT promotes are:
- **Local Economic Development Act (LEDA) Capital Outlay**
- The New Mexico Economic Development Department is granted authority to administer grants to local governments that stimulate economic development pursuant to the LEDA. Funding of grants is strictly based on the receipt of Capital Outlay funds (General Fund and/or Severance Tax Bond) allocated from the state Legislature.
- NMEDD targets economic development projects that comply with all legal facets of LEDA and that meet the following department goals:
  - Wealth Creation and Capital Investment
  - Increased Wages and Job Creation
  - Rural and Underserved Areas of New Mexico
  - Community Impact and Support
  - Environmentally Sustainable Outcomes

#### **New Mexico Finance Authority (NMFA)**

- The NMFA assists qualified governmental entities in the financing of capital equipment and infrastructure projects at any stage of completion – from pre-planning through construction – by providing low cost funds and technical assistance.



- **Collateral Support Loan Participation Program**
- This loan program is able to quickly fund and efficiently lower the interest rate paid by the business and mitigate the bank's risk. This allows companies to obtain the capital required to leverage private lending.
- The program utilizes a streamlined single application process where the NM Finance Authority maintains the relationship with the bank and the bank maintains the relationship with the borrower.
- In Order to qualify for funds through the program, a small business must:
  - Be located in New Mexico
  - Use the loan proceeds for business purposes
  - Be a non-profit corporation or a for-profit corporation, partnership, limited liability company or partnership, sole proprietorship, cooperative or other entity that is authorized to conduct business in the State of New Mexico
  - Have 500 or fewer employees
  - Meet the bank's lending requirements with the exception of the deficient collateral



- **HUD 108 Program**
- Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large scale physical development.
- Application Submission Requirements:
  - Description of compliance with CDBG National Objectives and Eligible Activities.
  - Schedule/Securities for repayment
  - Certification
- Commitments are limited as follows:
  - Entitlement public entities
  - State assisted public entities
  - Non entitlement public entities
- Section 108 loans are not risk free, however; local governments borrowing funds guaranteed by section 108 must pledge their current and future CDBG allocations to cover the loan amount as security for the loan.



- **Basic Incentives:**
- **Job Training Incentive Program (JTIP):**
- JTIP offers financial support for hiring new employees, from New Mexico's smallest rural businesses to the largest big-city companies.
- JTIP reimburses qualified companies for a significant portion of the expenses associated with training new hires in newly created jobs.
  - A significant portion of wages during the initial month(s) on the job
  - Cost of customized training provided by educational institutions for qualified new hires.
  - Reimbursement percentage ranges from 50 percent to 75 percent depending on the business location.
- **STEP-UP Training Program**
- STEP-UP was established as a supplement to the New Mexico JTIP to assist qualified companies with job training for their existing workforce.
- STEP-UP Training Program reimburses qualified companies for a portion of direct training costs associated with enhancing the job skills of incumbent employees.
- Allowable activities for STEP-UP include, but are not limited to, training to upgrade existing skills or provide new skills to incumbent workers.
- For more information on eligibility, application requirements for JTIP and STEP-UP, contact Sara Haring at 505-827-0249 or [sara.haring@state.nm.us](mailto:sara.haring@state.nm.us)



- High-Wage Job Tax Credit:
- Companies may take a tax credit equal to 10 percent of the combined value of salaries and benefits for each new job paying a minimum of \$28,000 per year in rural areas and \$40,000 per year in urban areas.
- A taxpayer who is an eligible employer may apply for and receive a tax credit for each new high-wage economic-base job. The credit amount equals 10 percent of the wages and benefits paid for each new economic-base job created.
- Eligibility for the credit is subjected to qualified jobs, employers and employees:
- The company must have acquired more than 50 percent of its sales to persons outside New Mexico during the most recent 12 months of the employer's modified combined tax liability reporting periods ending prior to claiming this credit.
- The employee must be a resident of New Mexico and cannot be a relative of the employer or own more than 50 percent of the company. The credit also provides direct reimbursement.
- Rural Jobs Tax Credit:
- Employers receive a tax credit of 6.25 percent of the first \$16,000 in wages for up to two years (4 years in urban areas). If the amount of credit exceeds a company's tax liability, the excess may be carried forward up to three years.
- This credit can be applied to taxes due on (state) gross receipts, corporate income or personal income tax.
- Companies must be approved for JTIP before receiving the credit.
- Eligibility requires companies to manufacture or produce a product in New Mexico and be a non-retail service company that exports a substantial percentage of services out of state (50 percent or more revenues and/or customer base).



- New Markets Tax Credit (NMTC)
- The NMTC program is administered through the Community Development Financial Institution Fund.
- The goal of the program is to spur revitalization efforts in low income and impoverished communities across New Mexico.
- The NMTC provides tax credit incentives to investors for equity investments in certified Community Development Entities, which invest in low income communities.
- The credit equals 39 percent of the investment paid out over seven years.
- Investment Tax Credit for Manufacturers:
- Manufacturers may take a credit against gross receipts, compensating or withholding taxes equal to 5.125 percent of the value of qualified equipment imported and put into use in a manufacturing plant in New Mexico (minimum value is \$500,000 per one (1) job created).
- The credit may (also) be claimed for equipment acquired under an Industrial Revenue Bond (IRB).
- This is a double benefit because no gross receipts or compensating tax was paid on the purchase or importation of the equipment.
- The credit does not apply against local gross receipts taxes.
- Technology Jobs Tax Credit:
- This credit has two parts: a basic credit and an additional credit, each equal to 4 percent of the qualified expenditures on qualified research at a qualified facility.
- The credit amount doubles for expenditures in facilities located in rural New Mexico (as defined for this tax credit as anywhere outside Rio Rancho or more than 3 miles outside Bernalillo, Dona Ana, San Juan or Santa Fe counties).
- The credit may NOT be claimed under an IRB.



- **Business Tax Credits:**
- **Research and Development Small Business Tax Credit:**
- Requirements include companies that:
  - Employ no more than 25 employees in any prior calendar month
  - Had total revenue of no more than \$5 million dollars in any prior fiscal year.
  - Did not in any prior calendar month have more than 50 percent of its voting securities or other equity interest with the right to designate or elect the board of directors or other governing body of the qualified business owned directly or indirectly by another business
  - Have made qualified research expenditures for the period of 12 calendar months ending with the month for which the credit is sought of at least 20 percent of its total expenditures for those 12 months.
- **Angel Investment Tax Credit:**
- Any taxpayer who files a New Mexico income tax return and who is a “qualified investor” may take a tax credit of up to \$25,000 (25 percent of a qualified investment no more than \$100,000) for an investment made in a New Mexico company that is engaging in high-technology research or manufacturing.
- The taxpayer may claim the angel investment credit for up to two qualified investments in a taxable year, provided that each investment is in a different qualified business.
- Any portion of the tax credit remaining unused at the end of the taxpayer’s taxable year may be carried forward for three consecutive years.
- **Veterans Tax Credit:**
- Taxpayers who employ qualified military veterans in New Mexico are eligible for a credit against the taxpayers personal or corporate income tax liability in an amount of up to \$1,000 of the gross wages paid to each qualified military veteran by the taxpayer during the taxable year for which the return is filed.



- Construction GRT Tax incentive:
- Companies with receipts from selling a construction service or a construction-related service may be deducted from gross receipts.
- Manufacturing GRT incentive:
- Companies tracking their receipts from selling tangible personal property may be deducted from gross receipts or from governmental gross receipts if the sale is made to a person engaged in the business of manufacturing who delivers a non-taxable transaction.
- Industry Specific Tax Credits:
- Advanced Energy Tax Credits, Alternative Energy Product Manufacturer's Tax Credit, Biodiesel Blending Facility Tax Credit, and Capital Equipment Tax Credit.
- Intergovernmental Business Tax Credit (Native American Land), Renewable Energy Production Tax Credit, and Solar Market Development Income Tax Credit.
- Sustainable Building Tax Credit, GRT Deduction for Sales of Uranium Hexafluoride, Ground Water Qualifying as a Geothermal Resource, and Tax Credit for Electricity Conversion and Exchange.





- **New Mexico MainStreet Program (NMMS)**
- A program of the New Mexico Economic Development Department, New Mexico MainStreet works throughout the state's downtown communities to create an economically feasible business environment through the preservation of historical and cultural locations.
- The MainStreet staff provides non-MainStreet communities with free training sessions on promotion, town design, organization, and economic positioning.
- **July 5, 2012 (FY13), Pueblo of Zuni became the first Native American MainStreet Community in the Country.**
- For more information contact Rich Williams, MainStreet Director at 505 827-0168 or [Rich.Williams@state.nm.us](mailto:Rich.Williams@state.nm.us)



- **Arts and Cultural District Program (ACD)**
- The program is aimed toward creating district destinations that support local cultural and arts entrepreneurs by increasing cultural and heritage tourism.
- ACD collaborates with the Department of Cultural Affairs, the EDD, the New Mexico Tourism Department and two statewide foundations: the McCune Charitable Trust and the Museum Foundation of New Mexico.
- There are currently six authorized districts:
  - Downtown Albuquerque
  - Las Vegas
  - Los Alamos
  - Raton
  - Silver City
  - Taos
- For more information contact Rich Williams, MainStreet Director at 505 827-0168 or [Rich.Williams@state.nm.us](mailto:Rich.Williams@state.nm.us)



- **Business Incubator Program**
- The purpose of the Business Incubator Program is to provide advice to small business development.
- Provide unique services to the entrepreneurial community through mentoring businesses that have completed a business plan and are ready to take advantage of the vast array of technical services and on-site infrastructure.
- New Mexico has six facilities that have been certified:
  - South Valley Economic Development Center (Albuquerque)
  - Santa Fe Business Incubator
  - WESST Enterprise Center (Downtown Albuquerque)
  - San Juan College Quality Center for Business (Farmington)
  - Arrowhead Technology Center at New Mexico State University (Las Cruces)
  - Clovis Business Incubator
- For more information about the Business Incubator Program contact Elizabeth Davis at 505 827.0333 or [Elizabeth.Davis@state.nm.us](mailto:Elizabeth.Davis@state.nm.us).



- **ISO-9000 Certification**
- ISO is a set of quality management standards recognized by more than 170 countries, most major companies; and agencies of the U.S. Government require their suppliers to be ISO compliant. ISO certification can be a lengthy and expensive process, which is why the Economic Development Department created New Mexico 9000.
- Through New Mexico 9000, businesses may prepare for ISO 9000 certification and pay a sliding scale fee based on gross receipts. The New Mexico 9000 process only takes six months.
- Trained professionals with extensive experience in ISO implementation will conduct workshops.
- For more information see: <http://nm9000.org/>



- **Office of International Trade (OIT)**
- The Office of International Trade supports job creation, retention and expansion by assisting New Mexico companies in capitalizing on opportunities in the competitive global market place.
- OIT promotes and facilitates business export sales of New Mexico goods and services worldwide.
- Services provided by the OIT include: One-on-one business consultations, a network of foreign trade offices, export promotion programs in partnership with the federal government, and a series of workshops and seminars to recruit New Mexico companies for participation in international trade events.
- For more information or to schedule an international trade consultation, please contact Edward Herrera at 505-827-0315 or [Edward.Herrera@state.nm.us](mailto:Edward.Herrera@state.nm.us)



- **Office of Business Advocacy (OBA)**
- The Office of Business Advocacy was created in January 2011, as an initiative of Governor Susana Martinez and Economic Development Secretary Jon Barela. Since then, OBA has assisted more than 140 businesses and has been credited with helping to create nearly 3,000 jobs and saving an estimated 200 jobs.
- OBA enables business owners to break through regulatory barriers and red tape by helping them navigate through state government by providing assistance with permitting, licensing, inspections and taxation issues.
- **OBA continually is working on tribal issues and projects.**
- For more information on OBA contact Dora Dominguez, Office of Business Advocacy Director at 505827-0089 or [Dora.dominguez@state.nm.us](mailto:Dora.dominguez@state.nm.us)



- The NM Film Office continues to create and develop new and existing relationships with local entities including tribal communities and industry professionals to disseminate information, prepare communities for production requests and to support local filmmakers.
- One initiative is the Statewide Film Liaison Network which includes four pueblos and one nation. Each entity designates an individual who assists and prepares their region for a variety of industry activities. Efforts continue to increase the number of state film liaisons in rural areas of New Mexico. The annual meeting of liaisons takes place in July of each year.
- The Film Office has also facilitated events that have included showcasing Native American filmmakers in previous years. We hope to reinstate such outreach programs and events in FY13.



- New Mexico's Production Incentives Overview

New Mexico continues to offer one of the most competitive incentives package in the industry which includes a 25% Refundable Film Production Tax Credit, the NM Film Investment Loan Program and the Film Crew Advancement Program.

- Post-production services rendered in New Mexico also qualifies for the 25% Refundable Tax Credit even if the project is shot elsewhere ("Stand-Alone Post").
- You will find detailed information on these incentives in this section of the website. For additional production and incentive questions, please email [Tobi Ives](#) or contact her directly at 505.476.5612
- Please see map attached to back of this presentation regarding film productions on Native American Lands.





## Contact Information

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